

UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION



DATE: May 18, 1971

Region 6

REPLY TO
ATTN OF: 6PR

1500 East Bannister Road
Kansas City, Missouri 64131

SUBJECT: Interim EROS Data Center Space Requirement
Sioux Falls, South Dakota

*Sioux
Falls*

Mr. Stephen G. Lynch, Chief
Branch of Service & Supply
Department of Interior - Geological Survey
Washington, D.C. 20242

We have completed a market survey in Sioux Falls, South Dakota, and determined the following buildings have potential for providing space for the Interim EROS Data Center:

1. Old Airport Terminal Building, Joe Foss Field:

The improvements comprise a large hangar-type frame building which was used by the military during World War II and subsequently about half of the building was converted for use as a passenger terminal. The building was vacated in November upon completion of a new airport terminal. The terminal contains about 9,600 square feet; however, there is an additional 1,400 square feet in the adjoining Western Airlines Building (which would have to be acquired from Western Airlines). The entire building contains approximately 19,600 square feet.

The property is owned by the City of Sioux Falls. It is understood the Industrial and Development Foundation would lease the entire hangar and terminal space from the City at \$1.00 per year and in turn alter the space to meet your minimum requirements, amortizing the total costs for alterations, maintenance, operation, insurance, interest, etc., over the initial firm term of the lease. Preliminary estimates indicate a minimum cost of alterations not including special exhaust system at \$125,000.00. Approximately half of this cost is in the airconditioning, heating and ventilating systems.

Based on the estimated cost of alterations, plus all other expenses involved in leasing this space, and amortizing these costs over a two-year period, it is estimated the net rent will be from \$7.00 to \$7.50 per square foot per annum. It is unlikely the rental would be within the limits of the Economy Act of 1932, which prohibits paying more than 15% of the Fair Market Value of the property in net rental per year. It is also unlikely that the requirements of the Economy Act could be satisfied if the alterations were accomplished by lump sum payment rather than as rental consideration.

Another factor to be considered is the potential fire hazard involved with this type of structure. Competition of this building with other available properties will undoubtedly result in elimination of this building by our Accident and Fire Prevention Branch.

2. Tenth and Dakota Avenue, occupied by the Northwestern Bell Telephone Company:

This is a three-story and basement airconditioned office-type building. Each floor contains approximately 10,000 gross square feet of space. Adjoining this building is a one-story and basement office-type building connected on the first floor level by an enclosed ramp. The first floor of this building is occupied by the telephone company and contains approximately 6,800 gross square feet of space. A total of about 13,000 square feet of net usable space could be available on the first floors of both buildings.

The owner has in recent years upgraded the buildings to provide first class office-type space including vinyl floor covering, suspended acoustical ceilings, modern lighting, partitioning, airconditioning, etc. This space could be utilized with the minimum alterations required for your special facilities and could, therefore, be prepared in much less time than any other available building. Since the owner would have less expense in preparing the space to amortize over the 2-year firm term of the proposed lease, we anticipate no difficulty in leasing the space within the limits of the Economy Act.

3. 1210 South Minnesota Avenue (Johnson property)

This is a group of three adjoining one-story commercial and garage-type buildings comprising about 16,000 gross square feet together with surfaced parking at the rear for about 25 cars.

There are three different floor levels in these buildings varying from about 8" to 20". The buildings in effect provide a "shell" and would require extensive alterations and improvements to upgrade to office-type space, including new floor covering, ceiling, lighting, partitioning, heating and airconditioning equipment, etc. The owner has indicated a willingness to alter the space to meet your requirements on a short lease term basis. We estimate that 3 to 4 months would be required to prepare the space and that the rental rate would be comparable to the Terminal Building.


In evaluating the available locations, it is our opinion that the Northwestern Telephone Company space is the most logical building to be adapted to meet your requirements for the following reasons:

1. Space is basically in a "move-in" condition to meet your target date for the office requirement.
2. Capability and willingness of the owner to provide the special requirements on a lump sum reimbursable basis or by lease amortization.

3. The rental should be within the limitations of the Economy Act.

4. An acceptable landlord/tenant relationship to provide for maintenance, janitorial services and alterations.

Please consider the alternatives as expressed herein and furnish this office with your comments. Let us know in the event you need additional information. Your early response is solicited in the interests of proceeding with negotiations at the earliest possible date.



DENNIS J. KELLMAN

Chief, Space Management Division
Public Buildings Service